GOVERNMENT OF INDIA
DISINVESTMENT
LOK SABHA

UNSTARRED QUESTION NO:3340
ANSWERED ON:11.12.2001
AIR INDIA SHAREHOLDERS AGREEMENT
GUNIPATI RAMAIAH

Will the Minister of DISINVESTMENT be pleased to state:

(a) whether the Government have decided to insert a clause in Air India`s shareholder agreement stipulating that proceeds from the sale of its subsidiary, the Hotel Corporation of India (HCL) would accrue proportionately to Air India`s shareholders whenever the latter is privatised;

(b) if so, the reasons therefor;

(c) whether it could affect the disinvestment process of Air India; and

(d) if so, the details thereof?

Answer

MINISTER OF LAW, JUSTICE AND COMPANY AFFAIRS (SHRI ARUN JAITLEY)

(a) & (b) HCI is a subsidiary of Air India Ltd. Hence, the proceeds from its disinvestment would accrue to Air India Ltd.

(c) & (d) The accrual of HCI disinvestment proceeds to Air India would improve the financial position of the latter. The process of disinvestment of Air India is not affected by this.